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BROADCOM CORP.V. QUALCOMM INC.

543 F.3D 683 (FED. CIR. 2008)

I. INTRODUCTION

In *Broadcom Corp. v. Qualcomm Inc.*, Broadcom Corp. (“Broadcom”) brought an infringement suit in the United States District Court for the Central District of California against its competitor Qualcomm Inc. (“Qualcomm”).¹ In the suit, Broadcom alleged that Qualcomm’s CDMA2000 and WCDMA baseband chips infringed U.S. Patents No. 6,847,686 (“the ‘686 patent”), No. 5,657,317 (“the ‘317 patent”), and No. 6,389,010 (“the ‘010 patent”), all owned by Broadcom.² At trial, the jury determined that Qualcomm infringed all three Broadcom patents and awarded damages of approximately \$20 million.³ Thereafter, the district court issued a permanent injunction against Qualcomm; however, the injunction included a “sunset” provision allowing Qualcomm to continue selling the infringing products pursuant to mandatory royalties through January 31, 2009.⁴

Qualcomm appealed the infringement verdict and the district court’s issuance of a permanent injunction to the United States Court of Appeals for the Federal Circuit (“The Federal Circuit”).⁵ The Federal Circuit affirmed the jury’s infringement verdicts as to the ‘317 and ‘010 patents, reversed the jury’s infringement verdict as to the ‘686 patent by holding claim 3 of that patent invalid, and affirmed the district court’s permanent injunction order.⁶ The Federal Circuit then remanded the case back to the district court for a re-calculation of damages based upon the modified jury verdicts.⁷

¹Broadcom Corp. v. Qualcomm, Inc., 543 F.3d 683, 686 (Fed. Cir. 2008).

²*Id.*

³*Id.* at 687.

⁴*Id.*

⁵*Id.* at 686.

⁶*Id.*

⁷*Broadcom Corp.*, 543 F.3d at 704.

II. BACKGROUND

Broadcom and Qualcomm are competitors in the market for third-generation (“3G”) baseband processor chips, which enable a cell phone’s wireless voice and data communications on various cellular telephone networks.⁸ The 3G chips sold by Broadcom and Qualcomm include code division multiple access (“CDMA”) chips, known as CDMA2000 chips, and global system for mobile communications (“GSM”) chips, known as wideband CDMA chips.⁹ In general, the CDMA and GSM technologies are incompatible with one another; as a result, cell phones and cellular service networks are designed to work with only one of the competing chips.¹⁰ Broadcom asserted that Qualcomm’s CDMA2000 and WCDMA chips, as well as Qualcomm’s Qchat technology, which provides push-to-talk (“PTT”) features, infringed upon Broadcom’s ‘686, ‘317, and ‘010 patents.¹¹

Prior to trial, the district court held a Markman hearing, at which time the court addressed contested issues between the parties pertaining to claim construction of the Broadcom patents.¹² After the trial, the jury found that Qualcomm (1) directly infringed and induced infringement of claim 3 of the ‘686 patent, (2) directly infringed and induced infringement of claims 1, 6, 9, and 12 of the ‘317 patent, and (3) directly infringed, induced infringement of, and contributed to the infringement of claims 1, 2, 3, and 7 of the ‘010 patent.¹³ In addition, the jury determined that Qualcomm wilfully infringed all three patents and subsequently awarded Broadcom damages of approximately \$20 million.¹⁴ Following the trial, Qualcomm’s motion for judgment as a matter of law and its motion for a new trial were denied.¹⁵ Accordingly, a perma-

⁸*Id.* at 686.

⁹*Id.*

¹⁰*Id.*

¹¹*Id.*

¹²*Id.* at 687. In *Markman v. Westview Instruments*, the Federal Circuit held that claim construction is a matter of law to be decided by the judge. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996). Thus, at a Markman hearing, the court determines the proper claim construction of disputed patent claims. *Broadcom Corp.*, 543 F.3d at 687.

¹³*Broadcom Corp.*, 543 F.3d at 687.

¹⁴*Id.*

¹⁵*Id.*

nent injunction was entered by the district court against Qualcomm on all three patents, but the injunction contained a “sunset” provision allowing Qualcomm to continue selling its infringing products pursuant to royalty payments through January 2009.¹⁶

III. LEGAL ANALYSIS

Qualcomm appealed to the Federal Circuit contending that the jury’s infringement verdicts should be struck down, the district court’s permanent injunction lifted, and a new trial granted on the grounds that the district court committed numerous errors regarding the claim construction and the validity of Broadcom’s ‘686, ‘317, and ‘010 patents.¹⁷

A. Broadcom’s ‘686 Patent

Broadcom’s ‘686 patent generally pertains to video compression technology on cell phone devices.¹⁸ Here, Broadcom asserted that Qualcomm’s CDMA2000 and WCDMA baseband processor chips infringed claim 3 of this patent.¹⁹ Claim 3 depends from independent claim 1, which recites “a digital signal processor for processing a multiple frame video digital signal” having a digital signal processor controller (“DSP”), processing units connected to and controlled by the DSP controller, and storage units, all residing on a single chip.²⁰ In addition, claim 3 contains the following limitation: “the digital signal processor according to claim 1 wherein each of said processing units operates according to a different program command.”²¹ At the Markman hearing for determining the legal construction of the patent claims, the district court held that the digital signal processor disclosed in claim 3 required a *global controller* in order to effectively distribute control instructions to each of the processing units.²² This is important because it was

¹⁶*Id.*

¹⁷*Id.* at 688.

¹⁸*Id.* at 686.

¹⁹*Broadcom Corp.*, 543 F.3d at 686-87.

²⁰*Id.* at 688.

²¹*Id.*

²²*Id.* The district court construed the claim as follows: “[t]he DSP controller, either independently or under the direction of a global controller, distributes

undisputed that a Texas Instruments product already on the market anticipated, and would therefore invalidate, claim 3 if this claim did NOT contain a “global controller” limitation.²³ Thus, because the district court construed claim 3 to contain this limitation, the jury found that Qualcomm’s CDMA2000 and WCDMA baseband processor chips directly infringed and induced infringement of claim 3 of the ‘686 patent.²⁴

Here, Qualcomm contended that the district court inappropriately imported the “global controller” limitation into the ‘686 patent, and it thus argued that the ‘686 patent was anticipated and therefore invalid.²⁵ Instead, Qualcomm noted that the language of both claims 1 and 3 was directed *only* to digital signal processors, which was supported by the fact that the specification and figures of the patent specifically distinguish between digital service processors and global controllers.²⁶ In response, Broadcom asserted that the district court appropriately interpreted the claims in light of the specification, which indicated that “the global controller . . . controls and schedules . . . the digital signal processor.”²⁷

The Federal Circuit agreed with Qualcomm and held that the district court’s interpretation of claim 3 was improper.²⁸ As a baseline, the Federal Circuit cited the claim construction maxim “when the claim addresses only some of the features disclosed in the specification, it is improper to limit the claim to other, unclaimed features.”²⁹ Therefore, even though the specification and the drawings of the ‘686 patent referred to the usage of a “global controller” in some embodiments, claim 1 (and claim 3 dependent thereon) was specifically directed to a digital signal processor controller, processing units, at a storage unit, and the claim made no explicit references to an *external global controller*.³⁰ In addition, the court found it significant that Figures 3, 4, and 7 identified the

control instructions to be executed by the plurality of processing units. *A global controller is required.*” *Id.*

²³*Id.*

²⁴*Id.* at 687.

²⁵*Broadcom Corp.*, 543 F.3d at 688.

²⁶*Id.*

²⁷*Id.* at 689.

²⁸*Id.*

²⁹*Id.* (quoting *Ventana Med. Sys. v. Biogenex Labs., Inc.*, 473 F.3d 1173, 1181 (Fed. Cir. 2006)).

³⁰*Id.*

global controller as a discrete and separate component apart from the digital signal processor.³¹ The Federal Circuit also analyzed U.S. Patent No. 6,385,244 (“the ‘244 patent”), which as the parent of the ‘686 patent, contained the same specification.³² The court found it noteworthy that independent claim 1 of the ‘244 patent explicitly claimed a “global controller” as one of the claim limitations, providing further support to the court’s belief that there was no “basis for importing the ‘global controller’ limitation” into claims 1 and 3 of the ‘686 patent.³³ As a result of this modified interpretation, the Federal Circuit held claim 3 as invalidated by the anticipatory reference, and thereby reversed the jury’s infringement verdict as to Broadcom’s ‘686 patent.³⁴

B. Broadcom’s ‘317 Patent

Broadcom’s ‘317 patent relates to technology allowing cell phones to simultaneously participate on multiple wireless networks while using a single transceiver.³⁵ Claim 1, which is substantially similar to the other claims at issue, recites a “radio unit for operation in a communication system” and having a control processor designed to enable the transceiver to *simultaneously participate* on two or more RF communication *networks*.³⁶ Here, Broadcom asserted that Qualcomm’s CDMA2000 chips infringed claims 1, 6, 9, and 12 of this patent because these chips interfaced with both the network for traditional voice communications and the network for data and related applications.³⁷ At the Markman hearing for determining the scope of the patent claims, the district court construed “simultaneously participate” as “[t]aking part in communications with two or more networks either actively or in sleep-mode *during the same period of time*.”³⁸ Over Qualcomm’s objections, the district court did not hold a claim construction hearing to interpret the definition of “networks,” and the court effectively left this

³¹*Broadcom Corp.*, 543 F.3d at 689.

³²*Id.* at 690.

³³*Id.*

³⁴*Id.* at 690-91.

³⁵*Id.* at 687.

³⁶*Id.* at 691.

³⁷*Broadcom Corp.*, 543 F.3d at 687.

³⁸*Id.* at 691.

issue to the jury.³⁹ Based upon these claim constructions, the jury found that Qualcomm's CDMA2000 processor chips directly infringed and induced infringement of claims 1, 6, 9, and 12 of the '317 patent.⁴⁰

1. "*Simultaneously Participate*"

First, Qualcomm argued that the claim limitation "simultaneously participate" should be interpreted to require a transceiver that takes part in communications with two or more networks at the *same instant* in time.⁴¹ In support, Qualcomm cited that the specification mentions both "simultaneous participation" and "multiple participation," wherein the specification's reference to "simultaneous participation" was within the context of communications taking place at the same instant in time.⁴² In response, Broadcom asserted that the district court's findings were correct because the specification distinguishes between "simultaneous participation," requiring a transceiver capable of communicating with two or more networks during the same period of time, and *fully* "simultaneous participation," requiring a transceiver capable of communicating with two or more networks at the same instant in time.⁴³

The Federal Circuit agreed with the district court's interpretation, reasoning that the claim limitation "simultaneous participation refers to interleaved communications."⁴⁴ Although both parties argued that parts of the specification supported their interpretation of the claim language, the court found that the usage of simultaneous, multiple, and fully simultaneous was "inconsistent at best."⁴⁵ In *Cordis Corp. v. Medtronic Ave., Inc.*, the Federal Circuit noted that "a [claim] construction that renders the claimed invention inoperable should be viewed with extreme skep-

³⁹*Id.*

⁴⁰*Id.* at 687.

⁴¹*Id.* at 691.

⁴²*Id.* at 692.

⁴³*Broadcom Corp.*, 543 F.3d at 692.

⁴⁴*Id.* at 693.

⁴⁵*Id.* at 692.

ticism.”⁴⁶ Thus, because the specification as a whole indicated that the invention was directed to a communication system with a single transceiver, and because a single transceiver cannot achieve dual, full communication with two different networks during the *same instant of time*, the court determined that adopting Qualcomm’s interpretation of “simultaneous participation” would render the device, and the patent, unworkable.⁴⁷ In turn, the court agreed with the district court that the most reasonable construction of “simultaneous participation” required a single transceiver capable of communications with multiple networks during the same period of time.⁴⁸

Qualcomm also argued that even if the Federal Circuit were to adopt the district court’s construction of “simultaneously participate,” Broadcom’s patent was invalid because its claims were anticipated by U.S. Patent No. 5,550, 895 (“the ‘895 patent”).⁴⁹ In response, Broadcom presented evidence to the court indicating that the ‘895 was not prior art because Broadcom conceived its invention and reduced it to practice before the ‘895 patent application was filed.⁵⁰ The Federal Circuit agreed with Broadcom that its patent antedated the ‘895 reference, because Broadcom advanced notebook evidence from a former employee (the inventor) that demonstrated conception of the claimed invention in September 1989, and Broadcom constructively reduced the invention to practice (by filing patent applications) in May and November 1993, before the December 1993 filing date of the ‘895 patent.⁵¹ Thus, the Federal Circuit found that the ‘895 patent was not valid prior art, and thereby affirmed the jury’s verdict in regards to this issue.⁵²

2. “Networks”

Next, Qualcomm cited Supreme Court precedent to support its

⁴⁶*Id.* at 691 (quoting *Cordis Corp. v. Medtronic Ave., Inc.*, 511 F.3d 1157, 1174 (Fed. Cir. 2008), *reh’g en banc denied* 2008 U.S. App. LEXIS 10499 (Apr. 9, 2008)).

⁴⁷*Id.*

⁴⁸*Id.* at 693.

⁴⁹*Broadcom Corp.*, 543 F.3d at 693.

⁵⁰*Id.*

⁵¹*Id.*

⁵²*Id.* at 694.

proposition that the district court committed reversible error when it left an issue of claim construction to the jury by failing to construe the claim limitation “networks.”⁵³ Further, Qualcomm contended that “network” should have been construed “as a plurality of network devices” such that Qualcomm’s product, which contained distinct protocols rather than separate networks, did not infringe upon the Broadcom patent.⁵⁴ Without addressing the merits of Qualcomm’s issue, the court dismissed this claim on the basis that Qualcomm did not raise this argument at any time during or prior to the trial.⁵⁵ Therefore, the Federal Circuit held that Qualcomm, by failing to request a construction of this claim limitation, “implicitly conceded that the meanings of ‘networks’ [was] clear.”⁵⁶ As a result, the issue was properly left to the jury, and the Federal Circuit upheld the jury’s infringement verdict as to this claim limitation.⁵⁷

C. Broadcom’s ‘010 Patent

Broadcom’s ‘010 patent relates to a telephone having circuitry allowing it to “selectively couple” to two networks having different bandwidth characteristics.⁵⁸ Claim 1, which is similar to the other claims at issue, recites a telephone having “an interface circuit that selectively couples to the first and second networks,” with the importance of the claim revolving around the fact that the first and second networks are generally independent from one another.⁵⁹ Here, Broadcom claimed that Qualcomm’s CDMA 2000 chips infringed claims 1, 2, 3, and 7 of this patent because these chips, which are designed to implement the Qchat features, allow traditional voice calls to couple to the telephone network (the first network) while Qchat calls are routed through the internet (the second network).⁶⁰

⁵³*Id.*

⁵⁴*Id.*

⁵⁵*Broadcom Corp.*, 543 F.3d at 694.

⁵⁶*Id.*

⁵⁷*Id.*

⁵⁸*Id.* at 687.

⁵⁹*Id.* at 694-95.

⁶⁰*Id.* at 695.

Before the Federal Circuit, Qualcomm argued that its products did not infringe the '010 patent because the cell phones that employ the Qchat software did not physically "couple" to the telephone network nor the internet.⁶¹ Instead, Qualcomm noted that the Qchat software wirelessly communicates with the CDMA2000 network equipment, and the CDMA2000 equipment, which is independent from the phone, is then responsible for selectively coupling to either the telephone network or the internet.⁶² Accordingly, Qualcomm argued that its phones did not have "an interface circuit" within the phones, as required by claim 1 of the '010 patent. Broadcom responded by alleging that the '010 patent "does not require a direct connection," as the specification indicates that wireless networks may be used.⁶³

First, the Federal Circuit noted that claim limitation "selectively couple" was "not construed by the district court because the parties agreed to let the ordinary meaning control."⁶⁴ Thus, as the Federal Circuit held in *Dawn Equip. Co. v. Kentucky Farms Inc.*, the proper standard of review for this infringement action was: "whether a reasonable jury, given the record before it was viewed as a whole, could have arrived at the conclusion it did."⁶⁵ In this case, the Federal Circuit found it significant that one of Broadcom's experts testified that the term "selectively coupling," as used in the specification, would not necessarily require a direct connection.⁶⁶ The Federal Circuit affirmed the jury's infringement verdict, finding that this testimony, coupled with the testimony from a number of other experts, was certainly enough evidence to support "a reasonable jury's [ultimate] conclusion" that Qualcomm's products infringed Broadcom's '010 patent.⁶⁷

D. Qualcomm's Motion for a New Trial

Qualcomm further argued that its motion for a new trial should

⁶¹*Broadcom Corp.*, 543 F.3d at 695.

⁶²*Id.*

⁶³*Id.*

⁶⁴*Id.* at 696.

⁶⁵*Id.* (quoting *Dawn Equip. Co. v. Ky. Farms, Inc.*, 140 F.3d 1009, 1014 (Fed. Cir. 1998)).

⁶⁶*Id.*

⁶⁷*Broadcom Corp.*, 543 F.3d at 696.

be granted because (1) the district court provided the jury with incorrect jury instructions as to the application of the specific intent requirement necessary to show induced infringement, (2) evidence that a party did not obtain non-infringement opinions is not relevant to the specific intent requirement, and (3) the induced infringement verdicts were not supported by a substantial amount of the direct evidence.⁶⁸ Because the success of these arguments would affect the damages awards and would tremendously complicate the process, Qualcomm argued that a new trial should be held.⁶⁹

In dealing with Qualcomm's motion for a new trial, the Federal Circuit first laid out the appropriate standard for induced infringement.⁷⁰ "In order to prevail on an inducement claim, the patentee must establish 'first that there has been direct infringement, and second that the alleged infringer knowingly induced infringement and possessed specific intent to encourage another's infringement.'"⁷¹ In these cases, induced infringement may be proved by either direct or circumstantial evidence.⁷² Given that the court had previously found evidence of direct infringement, the issue came down to whether Qualcomm possessed a specific intent to encourage another's infringement.⁷³ Here, the Federal Circuit stated, "inducement requires evidence of culpable conduct."⁷⁴ In order to satisfy the specific intent requirement, the Federal Circuit noted that a court must look to the totality of the circumstances.⁷⁵ Further, the Federal Circuit rejected Qualcomm's argument, holding that evidence of whether or not the accused infringer sought the advice of an attorney or obtained a non-infringement opinion was a factor that may be considered as part of this totality of the circumstances test.⁷⁶

As applied to the district court's jury instructions, the Federal

⁶⁸*Id.* at 697.

⁶⁹*Id.*

⁷⁰*Id.*

⁷¹*Id.* (quoting *ACCO Brands, Inc. v. ABA Locks Mfr. Co.*, 501 F.3d 1307, 1312 (Fed. Cir. 2007)).

⁷²*Id.* at 699.

⁷³*Broadcom Corp.*, 543 F.3d at 697.

⁷⁴*Id.* at 698 (quoting *ACCO Brands*, 501 F.3d at 1312).

⁷⁵*Id.*

⁷⁶*Id.*

Circuit found that the instructions properly informed the jury as to the proper overall standard for determining liability on an induced infringement claim, and praised the district court for instructing the jury to “consider all of the circumstances, including whether or not Qualcomm obtained the advice of a competent lawyer.”⁷⁷ The Federal Circuit also found it significant that Qualcomm failed to suggest alternative jury instructions to the district court, and Qualcomm did not even object to these jury instructions at trial.⁷⁸ The Federal Circuit thereby affirmed the instructions, and then turned its attention to Qualcomm’s final argument: that the jury’s verdict of induced infringement was not supported by substantial evidence.⁷⁹

Prior to addressing the merits of this claim, the Federal Circuit clarified that a verdict for induced infringement may be supported by either direct *or* circumstantial evidence of induced infringement.⁸⁰ Therefore, the Federal Circuit found it appropriate for the jury to consider circumstantial evidence that Qualcomm “worked closely with its customers to develop and support the accused products” or that Qualcomm chose not to change its products or provide any infringement related instructions to its customers even *after* this infringement suit was filed.⁸¹ The Federal Circuit also noted that Qualcomm failed to present any evidence to negate the jury’s inference regarding the specific intent element.⁸² At trial, it was established that Qualcomm (1) did not investigate possible infringement, (2) did not explore alternative, non-infringing product designs, and (3) did not seek legal advice.⁸³ Thus, the Federal Circuit found it appropriate for the jury to infer a specific intent to induce infringement, and the Federal Circuit found the record rife with substantial evidence “to support the jury’s verdict.”⁸⁴ As a result, the Federal Circuit dismissed Qualcomm’s motion for a new trial.⁸⁵

⁷⁷*Id.*

⁷⁸*Id.* at 700.

⁷⁹*Broadcom Corp.*, 543 F.3d at 699-700.

⁸⁰*Id.* at 700.

⁸¹*Id.*

⁸²*Id.*

⁸³*Id.*

⁸⁴*Id.*

⁸⁵*Broadcom Corp.*, 543 F.3d at 701.

E. Qualcomm's Objection to the Permanent Injunction

Qualcomm also argued that the district court's issuance of a permanent injunction in favor of Broadcom did not fall squarely within the four-factor test laid down by the Supreme Court⁸⁶ In *eBay Inc. v. MercExchange, L.L.C.*, the Supreme Court applied traditional principles of equity to the concept of injunctive relief within the patent world.⁸⁷ Accordingly, in order for a plaintiff to obtain a permanent injunction, the plaintiff must show: "(1) that it has suffered an irreparable injury; (2) that remedies available at law . . . are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction."⁸⁸ Using these factors, the district court issued a permanent injunction against Qualcomm, with the exception that the injunctive relief provided Qualcomm with a "sunset" provision allowing it to continue manufacturing and selling its products, subject to mandatory royalties, until January 2009.⁸⁹ On appeal, the Federal Circuit examined the district court's findings to address Qualcomm's arguments in light of each factor, and determined that the district court did not abuse its discretion by issuing a permanent injunction against Qualcomm.⁹⁰

1. Did Broadcom Suffer an Irreparable Injury?

On appeal, Qualcomm argued that Broadcom would not suffer harm as a result of Qualcomm's CDMA2000 chip sales because Broadcom did not sell or plan to sell a comparable product.⁹¹ Likewise, Qualcomm argued that Broadcom would not suffer harm as a result of Qualcomm's sales of products using the Qchat software because Broadcom did not have a comparable product in this

⁸⁶*Id.*

⁸⁷*Id.* at 702.

⁸⁸*Id.* (quoting *eBay Inc. v. MercExchange L.L.C.*, 547 U.S. 388 (2006)).

⁸⁹*Id.* at 687.

⁹⁰*Id.* at 702.

⁹¹*Broadcom Corp.*, 543 F.3d at 702.

market.⁹² In response, Broadcom pointed the court to two important considerations: (1) Qualcomm had previously admitted that it indirectly competed with Broadcom and (2) Broadcom had a general policy against licensing its patents, and that forcing Broadcom to license its intellectual property to a significant competitor would cause Broadcom significant harm.⁹³

The Federal Circuit found that the district court did not abuse its discretion when it determined that Broadcom would suffer an irreparable injury if Qualcomm were allowed to continue selling its CMDA2000 and Qchat products.⁹⁴ In particular, the court was persuaded by the fact that Qualcomm had previously conceded that Broadcom and Qualcomm were indirect competitors.⁹⁵ And, given the unique nature of the chips and handsets markets, the Federal Circuit believed the district court was correct when it stated, “in this kind of market, the exclusion has a competitive effect on a firm even if it does not have an immediately available product.”⁹⁶ Thus, the Federal Circuit did not think that Broadcom was not entitled to a permanent injunction simply because it did not have a product that directly competed with Qualcomm’s products.⁹⁷ Instead, the Federal Circuit found that there was sufficient evidence to indicate that Broadcom would suffer some sort of an irreparable harm without a court entered permanent injunction.⁹⁸

2. Are there Adequate Remedies Available at Law?

Qualcomm asserted that there were adequate remedies available to Broadcom in the form of money damages.⁹⁹ In support, Qualcomm argued that the fact that Broadcom maintained an on-going licensing agreement with Verizon indicated that Broadcom could be adequately compensated through remedies available at law.¹⁰⁰ In reply, Broadcom attempted to draw a distinction between a vol-

⁹²*Id.*

⁹³*Id.*

⁹⁴*Id.* at 703.

⁹⁵*Id.*

⁹⁶*Id.* at 702.

⁹⁷*Broadcom Corp.*, 543 F.3d at 703.

⁹⁸*Id.*

⁹⁹*Id.*

¹⁰⁰*Id.*

untary licensing agreement formed with a customer (in this case, Verizon) and a compulsory licensing agreement with a competitor (in this case, Qualcomm).¹⁰¹ Broadcom also cited the numerous non-monetary benefits shared by both Verizon and Broadcom as a result of their mutual licensing agreement.¹⁰² The Federal Circuit found that the district court did not abuse its discretion in issuing a permanent injunction in regards to this factor, holding that the unique nature of the market (as the district court previously found) and the difficulty in accurately calculating damages based upon lost profits and potential gains decreased the likelihood of the court finding an adequate and accurate remedy at law.¹⁰³

3. Does the Permanent Injunction Effectively Balance the Hardships?

In order for a permanent injunction to be seen as a proper remedy, the injunction should effectively balance the anticipated hardships the injunction order would have on both the plaintiffs and the defendants.¹⁰⁴ Therefore, the Federal Circuit held that the district court did not abuse its discretion because it properly balanced the hardships that the injunctive order would have on both Qualcomm and Broadcom.¹⁰⁵ Although the injunction would force Qualcomm to cease sales of its CDMA2000 chips and other products, the Federal Circuit found that the presence of the “sunset” provision, which the district court created to provide Qualcomm twenty months to research and design alternative, non-infringing products, was sufficient to ameliorate some of the negative effects of the injunction order upon Qualcomm.¹⁰⁶ Here, the Federal Circuit found that this twenty-month extension would provide Qualcomm an adequate amount of time to cease infringement of Broadcom’s patents, begin development of alternatives, and bring the product to the market.¹⁰⁷

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Broadcom Corp.*, 543 F.3d at 703.

¹⁰⁴ *Id.* at 704.

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

4. Does the Permanent Injunction Serve the Public Interest?

In order for a permanent injunction to be seen as a proper remedy, the injunctive order must also protect the public interest.¹⁰⁸ In this regard, the Federal Circuit balanced the general public interest involved in protecting patent rights with the possible negative effects that an injunction would have upon consumers.¹⁰⁹ Given that a permanent injunction would impact all network carriers and cell phone manufacturers that use Qualcomm's infringing products, the Federal Circuit was overly concerned with the injunction's potential for harming the public interest.¹¹⁰ However, the Federal Circuit found that the presence of the "sunset" provision would effectively "balance the police of protecting the patentee's rights against the desirability of avoiding immediate market disruptions."¹¹¹ Thus, the Federal Circuit concluded that the district court did not abuse its discretion in crafting an equitable remedy that did not significantly harm the public interest.¹¹²

IV. CONCLUSION

The Federal Circuit affirmed-in-part and reversed-in-part the district court's judgment, thereby remanding the case back to the district court for a re-calculation of the damages awards.¹¹³ First, the Federal Circuit held claim 3 of the '686 patent was anticipated by a prior art reference, and therefore, was invalid; as a result, the Federal Circuit reversed the jury's infringement verdict against Qualcomm as to this particular patent.¹¹⁴ Second, the Federal Circuit upheld the validity of the '317 and '010 patents, and affirmed the jury's infringement verdict against Qualcomm as to these patents.¹¹⁵ Finally, the Federal Circuit dismissed Qualcomm's motion for a new trial, and affirmed the district court's issuance of a

¹⁰⁸*Id.*

¹⁰⁹*Broadcom Corp.*, 543 F.3d at 704.

¹¹⁰*Id.*

¹¹¹*Id.*

¹¹²*Id.*

¹¹³*Id.* at 705.

¹¹⁴*Id.* at 704.

¹¹⁵*Broadcom Corp.*, 543 F.3d at 705.

permanent injunction against Qualcomm.¹¹⁶ Given that the Federal Circuit reversed part of the jury's infringement verdicts, the court then remanded the case back to the district court for a recalculation of the damages to be awarded to Broadcom.¹¹⁷

-Ryan Schermerhorn

¹¹⁶*Id.*

¹¹⁷*Id.* at 704.